



*United States Attorney
Southern District of New York*

FOR IMMEDIATE RELEASE
SEPTEMBER 8, 2003

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**U.S. CHARGES MARYLAND MAN WITH ILLEGALLY COLLECTING
\$270,000 MEANT TO AID DOWNTOWN BUSINESSES AFTER 9/11**

JAMES B. COMEY, the United States Attorney for the Southern District of New York, announced that DAVID ZIMMER, 38, a resident of Maryland, was arrested and charged today with theft of government money and wire fraud in connection with a scheme to defraud the Empire State Development Corporation ("ESDC") and the U.S. Department of Housing and Urban Development ("HUD") of \$270,000 in federal grant money made available after the September 11, 2001, terrorist attacks to provide assistance to certain businesses in lower Manhattan.

According to a two-count criminal Complaint that was unsealed today, after the September 11 terrorist attacks the World Trade Center Business Recovery Grant Program (the "BRG Program") was established by ESDC to provide assistance to certain businesses in lower Manhattan that were adversely impacted by the terrorist attacks. The BRG Program is funded

through a \$375 million appropriation from HUD. To be eligible for relief under the BRG Program, the grant recipient must, among other things, have maintained a business establishment in the Eligible Area of lower Manhattan as of September 11, 2001. The Eligible Area under the BRG Program is defined as the portion of Manhattan south of Fourteenth Street. Within the Eligible Area, different zones are eligible for different degrees of relief under a formula based in part on the business's gross revenue for the prior year. The highest level of relief is for those businesses in the Restricted Zone, the area of lower Manhattan bounded by Chambers Street, Broadway, Rector Street and the Hudson River.

The Complaint alleges that on December 27, 2002, the ESDC received a BRG Program grant application from DZ Investments, Inc., d/b/a Total Business Solutions ("DZ Investments"). The application listed the business address of DZ Investments as of September 11, 2001, as 40 Rector Street, Suite 1023. This address is within the Restricted Zone. The application was signed by DAVID ZIMMER, the defendant, who among other things, certified that the "applicant business was in operation, and owned or leased the premises" listed in the application, and that these "premises are located on or south of 14th Street in Manhattan."

The Complaint alleges that there is in fact no Suite 1023 at 40 Rector Street, that the entire 10th floor of 40 Rector Street is occupied by an agency of the City of New York, and that

supporting documentation submitted as part of the application purportedly showing DZ Investments to be a tenant of 40 Rector Street is fraudulent.

The Complaint also charges that among the fraudulent supporting documentation submitted with DZ Investments' grant application was what purported to be the corporation's year 2000 S Corporation tax return. This tax return reported \$3,327,423 in gross receipts and listed the corporation's address as 40 Rector Street, Suite 1023. However, the Complaint alleges that the DZ Investments' tax return filed with the Internal Revenue Service reflects that the corporation reported gross receipts for the year 2000 of \$0 and lists the business address of DZ Investments as 6006 Melvern Drive, Bethesda, Maryland.

If convicted of all of the charges in the Complaint, ZIMMER faces a maximum penalty of 20 years in prison and a fine on each count of \$250,000 or twice the gain or loss resulting from the offense.

Mr. COMEY praised the investigative efforts and cooperation of the Empire State Development Corporation, the Office of the Inspector General for the U.S. Department of Housing and Urban Development, and the U.S. Postal Inspection Service.

Assistant United States Attorney WILLIAM KOMAROFF is in

charge of the prosecution.

The charges in the Complaint are merely accusations,
and the defendant is presumed to be innocent unless and until
proven guilty.

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